

1992

Office of California Analyst.

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Office of California Analyst.
Legislative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

OFFICE OF CALIFORNIA ANALYST.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.

- Creates the Office of California Analyst replacing the present Legislative Analyst.
- Requires new California Analyst to assist the Legislature in fiscal and policy functions, and to make state operations more effective and efficient by making recommendations on the state's budget and organization.
- Authorizes Joint Legislative Budget Committee to appoint California Analyst and its employees.
- Requires employees to be hired and promoted on the basis of merit and professional qualifications.
- Requires work to be conducted in strictly nonpartisan manner.
- Excludes expenditures of Office from Constitution's limit on legislative expenditures adopted by Proposition 130.

Summary of Legislative Analyst's
Estimate of Net State and Local Government Fiscal Impact:

- Potential state costs and savings, depending on actions in annual budget process. Net impact is unknown, but probably not significant.

Final Votes Cast by the Legislature on SCA 33 (Proposition 130)

Assembly: Ayes 54	Senate: Ayes 30
Noes 19	Noes 2

Analysis by the Legislative Analyst

Background

The Office of the Legislative Analyst, established in 1941, is required by law to analyze the finances and operations of state government. Its three primary functions are to:

- Evaluate the budget for the State of California (which totals approximately \$80 billion) and make recommendations to reduce the cost and increase the effectiveness of state government.
- Analyze the financial impact of proposed legislation on the operations of state and local governments.
- Prepare fiscal estimates of the state and local impact of proposed initiatives and impartial analyses of all state ballot measures.

Before the 1991-92 fiscal year, the office was funded in the annual Budget Act by appropriations considered to be part of legislative spending. In November 1990, the voters approved Proposition 140, which—among other things—reduced legislative spending by about 38 percent and set a limit on future spending. At the time of this analysis, the office was funded at an annual rate of about \$3.6 million. This is a reduction of about 55 percent from the office's pre-Proposition 140 expenditure level.

Proposal

This measure changes the name of the office to the Office of the California Analyst and establishes it in the

State Constitution. The measure requires the office to:

- Make recommendations to the Legislature on the annual state budget, the revenues and expenditures of the state, and the organization and structure of state government, in order to make state governmental operations more effective and efficient.
- Conduct its work in a strictly nonpartisan manner.
- Appoint and promote employees on the basis of merit and professional qualifications.

The measure specifies that spending for the office is not included as a legislative expenditure for purposes of the Legislature's annual spending limit.

Fiscal Impact

This measure does not change the Proposition 140 spending limitation. However, removing spending of the Analyst's Office from the limit could increase state costs. The amount of this increase is unknown, as it generally would depend on the amount of funding provided to the office in the annual budget process.

Any increased costs could be offset by savings from implementation of the office's recommendations on the operations and effectiveness of state government. The net impact of these effects is unknown, but probably not significant.

For text of Proposition 158 see page 67

Argument in Favor of Proposition 158

Proposition 158 will ensure that one of the most respected nonpartisan "watchdog" agencies in the country—the California Analyst's Office—continues to do its job for the people of California. For fifty years, this office has examined the budget and operations of state government and made recommendations that have resulted in savings to taxpayers in the hundreds of millions of dollars. This office, best known to most Californians for its review of state ballot measures, was the first of its kind in the United States. It was also the model for similar offices in other states and at the national level.

In approving Proposition 140 in 1990, the people were told that cuts in the Legislature's budget would eliminate unneeded POLITICAL staffers. What they weren't told was that the spending reductions would imperil the NONPARTISAN Analyst's Office. With this measure, the Analyst's Office will be able to perform its job in the same professional, objective way that it has for the past half-century.

Proposition 158 would ensure that the Analyst's Office continues to:

- Operate in a STRICTLY NONPARTISAN manner.
- Review state government to IDENTIFY WASTE

AND INEFFICIENCIES,

- Provide OBJECTIVE information for the public on the operations of state government.

No one questions the worth of the Analyst's Office. Its review of state expenditures, revenues and operations promotes government accountability and SAVES MILLIONS OF TAX DOLLARS EACH YEAR.

No one questions the integrity of the Analyst's Office. It has always operated on the basis of facts and objective analysis—not on the basis of political ideology. That's why groups from across the political spectrum—taxpayer associations, "good government" organizations and business groups—all strongly support Proposition 158.

VOTE YES ON PROPOSITION 158 TO ENSURE YOUR STATE TAX DOLLARS ARE WISELY SPENT.

VOTE YES ON PROPOSITION 158 TO PRESERVE THE STATE'S NONPARTISAN FISCAL WATCHDOG!

ROBYN C. PRUD'HOMME-BAUER

President, League of Women Voters of California

WILLIAM CAMPBELL

President, California Manufacturers Association

DEL WEBER

President, California Teachers Association

Rebuttal to Argument in Favor of Proposition 158

The legislature wrote Proposition 158 and put it on the ballot for only one reason: it allows legislators to take funds now spent for the Legislative Analyst's office and instead spend them on exactly the kinds of perks that Proposition 140 was designed to stop.

They want us to believe that a vote against Proposition 158 means the inevitable closure of the Analyst's office.

IT DOES NOT.

What it does mean is that the legislature will have to choose between incumbent perks and funding for the Legislative Analyst.

That's a choice they don't want to make.

Instead of cutting frills like taxpayer-subsidized luxury cars, extravagant office remodeling, and personal servants for incumbents, they are threatening to cut the Legislative Analyst's office to meet the voter-approved spending limits.

PROPOSITION 158 IS THEIR LAST DITCH EFFORT TO KEEP THEIR PERKS. IT'S THAT SIMPLE.

We need to keep the Legislative Analyst AND we need to uphold the cuts that Proposition 140 imposed on the legislature. A vote *against* Proposition 158 will do just that.

Don't give in to the legislature's threats. Vote NO on Proposition 158.

PETE SCHABARUM

Co-Author, Proposition 140—Term Limits

MIKE FORD

Director, Marin United Taxpayer's Association

LEE A. PHELPS

Founder/Chairman, Alliance of California Taxpayers & Involved Voters (ACTIV)

Office of California Analyst. Legislative Constitutional Amendment.

158

Argument Against Proposition 158

This proposition was put on the ballot by perk-addicted incumbents who are trying to gut the legislative spending limits won by the people in Prop. 140.

Prop. 140 placed a limit on the amount of money the legislature can spend on itself. Proposition 158 moves the Legislative Analyst's Office out from under that spending limit, leaving \$7 million more for the incumbents to lavish on themselves.

They play the same game with a companion measure, Prop. 159, involving the Auditor General, which brings the total shift to \$14 million.

This measure doesn't preserve the Legislative Analyst. There's more than enough room in the legislature's budget if the incumbents would simply cut out perks like taxpayer-subsidized luxury cars and free travel for legislators, extravagant office remodelling, and servants to drive incumbents to the airport.

Also, moving the Legislative Analyst out of the legislature's budget will require \$7 million more in general fund spending, further widening California's chronic budget gap.

The legislature is literally holding this agency hostage in the hope that you will pay the ransom: allowing legislators to spend \$7 million more than the Prop. 140 spending limit allows them.

We say, keep the Legislative Analyst—CUT THE PERKS. That's what the people intended when we set limits on legislative spending.

Vote NO on Proposition 158.

PETE SCHABARUM

Co-Author, Proposition 140 Term Limits

LEW UHLER

President, National Tax Limitation Committee

TOM MCCLINTOCK

Member, California State Assembly

Rebuttal to Argument Against Proposition 158

People both FOR and AGAINST Proposition 158 agree on this point: THE ANALYST'S OFFICE MUST BE SAVED!

Proposition 158 is needed precisely because politicians are *always* going to act like politicians—watching out for their own immediate partisan interests. After the voters approved Proposition 140, the Legislature cut the non-partisan Analyst's office by almost 60 percent, and even threatened to close it—rather than cut out more partisan staff. *Despite this action, the opponents still want to leave the fate of the office totally in the hands of the politicians in the Legislature!* This is bizarre logic and a sure way to lose this fiscal watchdog.

We support Proposition 158 because it will protect this valuable office by:

- Placing the office in the state Constitution—thereby guaranteeing its survival as an INDEPENDENT, NONPARTISAN body.
- Taking the office's spending outside the Proposition 140 spending limit—eliminating the incentive for the

politicians to further cut this office. Future cuts should come from THEIR OWN operating budget.

Don't be fooled—this measure does not "gut" Proposition 140. In fact, based on the opponents' *own claims* that Proposition 140 applies to *partisan* staff, this measure only clarifies *their* intent.

Don't let the politicians take the "bite" out of the state's *fiscal watchdog*. Make sure the office continues its 50-year tradition of serving the People of California.

VOTE YES ON PROPOSITION 158 FOR AN INDEPENDENT, NONPARTISAN OFFICE.

VOTE YES ON PROPOSITION 158 TO PROTECT YOUR TAXPAYER DOLLARS.

ROBYN C. PRUD'HOMME-BAUER

President, League of Women Voters of California

WILLIAM CAMPBELL

President, California Manufacturers Association

GORDON KOOLMAN

President, California Association of Highway Patrolmen

of Division 3 of Title 2 of the Government Code, as specified in Section 2702.06.

(b) The amount that may be transferred pursuant to subdivision (a) shall not exceed the amount expended from those accounts for those capital improvements and acquisitions of rolling stock.

2702.17. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount borrowed pursuant to Section 2702.18. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

2702.18. For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2702.17. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.

2702.19. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

2702.20. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law.

2702.21. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

2702.22. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

Proposition 157: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 27 (Statutes of 1992, Resolution Chapter 6) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XX

SEC. 7. (a) Any toll road or toll highway owned by the State and leased to a

private entity shall be permanently toll free upon the expiration of the lease or after tolls have been collected for a total of 35 years, whichever occurs first.

(b) The Legislature may suspend the application of subdivision (a) to any toll road or toll highway by a statute passed in each house, by a rollcall vote entered in the journal, with two-thirds vote of the membership of each house concurring.

Proposition 158: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 33 (Statutes of 1992, Resolution Chapter 7) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IV

Second—That Section 7.4 is added to Article IV thereof, to read:

SEC. 7.4. (a) There is in State government the Office of the California Analyst which shall assist the Legislature in its fiscal and policy functions. The office shall make recommendations to the Legislature on the annual State budget, the revenues and expenditures of the State, and the organization and structure of

State government, in order to make State governmental operations more effective and efficient.

(b) The office shall conduct its work in a strictly nonpartisan manner.

(c) The Joint Legislative Budget Committee authorized in statute shall appoint the California Analyst and employees of the office. The employees of the office shall be appointed and promoted on the basis of merit and professional qualifications.

(d) Expenditures of the Office of the California Analyst shall not be included in the "total aggregate expenditures of the Legislature" for purposes of Section 7.5 of this article.

Proposition 159: Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 34 (Statutes of 1992, Resolution Chapter 8) expressly amends the Constitution by adding a section thereto and amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IV AND ARTICLE VII, SECTION 4

Second—That Section 23 is added to Article IV thereof, to read:

SEC. 23. (a) There is in state government an Office of the Auditor General, which shall conduct independent, nonpartisan, professional audits as required by state or federal law or as requested by the Legislature.

(b) Not more than 50 percent of the Joint Legislative Audit Committee shall be composed of members of the same political party.

(c) After recommendation by the Joint Legislative Audit Committee or its successor, the Legislature shall appoint or remove the Auditor General by concurrent resolution.

(d) Expenditures for the Office of the Auditor General shall be used only to pay for the cost of conducting audits, the cost of performing its duties under the Reporting of Improper Governmental Activities Act (Article 3 (commencing with Section 10540) of Chapter 4 of Part 2 of Division 2 of Title 2 of the Government Code), and related expenses. Expenditures of the Office of the Auditor General shall not be included in the "total aggregate expenditures of the Legislature" for purposes of Section 7.5 of this article.

(e) The staff of the Office of the Auditor General shall be hired and promoted on the basis of merit and professional qualifications.

Third—That Section 4 of Article VII thereof is amended to read:

SEC. 4. The following are exempt from civil service:

(a) Officers and employees appointed or employed by the Legislature, either

house, or legislative committees or by the Auditor General.

(b) Officers and employees appointed or employed by councils, commissions or public corporations in the judicial branch or by a court of record or officer thereof.

(c) Officers elected by the people and a deputy and an employee selected by each elected officer.

(d) Members of boards and commissions.

(e) A deputy or employee selected by each board or commission either appointed by the Governor or authorized by statute.

(f) State officers directly appointed by the Governor with or without the consent or confirmation of the Senate and the employees of the Governor's office, and the employees of the Lieutenant Governor's office directly appointed or employed by the Lieutenant Governor.

(g) A deputy or employee selected by each officer, except members of boards and commissions, exempted under Section 4(f).

(h) Officers and employees of the University of California and the California State Colleges.

(i) The teaching staff of schools under the jurisdiction of the Department of Education or the Superintendent of Public Instruction.

(j) Member, inmate, and patient help in state homes, charitable or correctional institutions, and state facilities for mentally ill or retarded persons.

(k) Members of the militia while engaged in military service.

(l) Officers and employees of district agricultural associations employed less than 6 months in a calendar year.

(m) In addition to positions exempted by other provisions of this section, the Attorney General may appoint or employ six deputies or employees, the Public Utilities Commission may appoint or employ one deputy or employee, and the Legislative Counsel may appoint or employ two deputies or employees.